



FEBRUARY 14, 2018

**NOTICE OF ANTICIPATED DISTRIBUTIONS
TO HOLDERS OF ARMSTRONG ENERGY, INC.
SENIOR SECURED 11.75% NOTES DUE 2019
CUSIP NO. 042380AA3 & 04230AC9¹**

NOTE: THIS NOTICE CONTAINS IMPORTANT INFORMATION. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS, AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE SENIOR NOTES REFERENCED ABOVE IN A TIMELY MANNER.

Wells Fargo Bank, National Association (“**Wells Fargo**” or “**Trustee**”) is the indenture trustee under the Indenture, dated as of December 21, 2012 (the “**Indenture**”), among Armstrong Energy, Inc. (the “**Issuer**”), Wells Fargo, and the guarantors named therein (the “**Guarantors**”), pursuant to which the 11.75% Senior Secured Notes due 2019 (the “**Notes**”) were issued and are outstanding. This Notice is being given in accordance with and pursuant to the Indenture and related documents.

In prior Notices the Trustee informed holders, among other things, that on November 1, 2017 (the “**Petition Date**”), the Issuer and the Guarantors (collectively, the “**Debtors**”) filed petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Eastern District of Missouri (the “**Bankruptcy Case**”). The Trustee also informed holders that on January 24, 2018, the Debtors filed their *Third Amended Joint Plan* [Docket No. 453] (the “**Plan**”). Capitalized terms used but not defined herein shall have the meanings given to those terms in the Plan.

The Plan was confirmed on February 2, 2018, in accordance with the Court’s *Order (I) Confirming the Debtors’ Third Amended Joint Plan and (II) Approving the Sale Transaction* [Docket No. 527]. The Effective Date of the Plan is expected to occur on February 16, 2018.

In accordance with the Plan, and subject to the procedures described or otherwise referred to in this Notice and the “Letter of Transmittal” discussed below, each holder of a Senior Notes Claim

¹ The CUSIP numbers are included solely for the convenience of holders. The Trustee shall have no responsibility with respect to the selection or use of any CUSIP number, nor is any representation made as to the correctness of any CUSIP number, either as printed on any Note or in this Notice.

shall be entitled to receive under the Plan its *pro rata* share of: (i) one hundred (100%) percent of the HoldCo Equity as of the Effective Date in satisfaction of the Noteholder Equity Issuance Consideration; (ii) \$19,000,000 in Cash to be funded by Murray in accordance with the Transaction Agreement (the “**Murray Cash Payment**”); (iii) \$12,000,000 in aggregate principal amount of MEC Notes to be delivered by Murray in accordance with the Transaction Agreement; and (iv) all Remaining Collateral and Remaining Collateral Proceeds and all assets and proceeds remaining in the General Account as provided in Article VIII.G of the Plan. The HoldCo Equity consists of 100% (before dilution on account of the HoldCo Equity issued to Murray in exchange for the Contribution as described in the Transaction Agreement) of the new common equity interests in New HoldCo (the “**Common Equity**”) and (ii) 100% of the new preferred equity interests in New HoldCo with a liquidation preference of \$10,000,000 (the “**Preferred Equity**”) and together with the Common Equity, the “**Debtor HoldCo Equity Conveyance**”).

On or about the Effective Date, the Trustee shall make an initial cash distribution of the Murray Cash Payment to holders of record of Senior Notes Claims as of the February 15, 2018 Distribution Record Date. The Trustee will provide an additional notice on the Effective Date concerning this cash distribution.

As a condition to receiving distributions of the Debtor HoldCo Equity Conveyance and to be eligible to receive the MEC Notes, holders are required to fill out several forms and questionnaires that have been prepared by the Debtors and that accompany that certain Letter of Transmittal and Questionnaire (the “**Letter of Transmittal**”). The Letter of Transmittal is available for download at: <https://www.donlinrecano.com/Clients/aenergy/Static/Letteroftransmittal>. Holders are urged to read carefully the Letter of Transmittal and the accompanying materials.

As reflected in the Letter of Transmittal, the MEC Notes are expected to constitute “restricted securities” under Rule 144 of the Securities Act and are being offered pursuant to the Plan in reliance upon the exemption set forth in section 4(a)(2) of the Securities Act. Accordingly, only holders that qualify as “Eligible Holders” in accordance with the Letter of Transmittal will be entitled to receive MEC Notes. Those holders that do not qualify as “Eligible Holders” and are thus not eligible to receive MEC Notes will instead have such MEC Notes purchased by Murray on the date of the Put Closing (as defined in the Transmittal Letter) for an amount in Cash equal to \$0.565 per dollar of par value of MEC Notes to which such holders would otherwise be entitled. Additionally, to the extent that an “Eligible Holder” would receive a principal amount of MEC Notes which is less than \$2,000 or a principal amount of MEC Notes which is not equal to \$2,000 plus increments of \$1,000 thereof, a principal amount below \$2,000 or a principal amount in excess of an increment of \$1,000 shall be distributed to such holder as Cash in an amount equal to \$0.565 per dollar of par value with respect to such principal amount. All such payments on account of the MEC Notes will be made by Murray in accordance with the delivery instructions supplied by holders on the form entitled “PART III – DELIVERY METHOD FOR CASH CONSIDERATION” that accompanies the Letter of Transmittal.

All forms and questionnaires that accompany the Letter of Transmittal must be returned to Donlin, Recano & Company, Inc., the Debtors’ Claims Agent (“**Donlin**”), at the address set forth on the Letter of Transmittal so as to be received on or before July 30, 2018. In the event such completed documents are not received by such date, the consideration to which the Letter of Transmittal relates will only be received by holders on the terms and conditions set forth in the

Plan.

Holders with questions concerning the Letter of Transmittal and the forms and questionnaires that accompany them should contact Donlin at the following numbers: 212-771-1128 (Domestic) and 866-416-0556 (International).

Holders may direct other questions or comments to the Trustee by e-mail: to james.r.lewis@wellsfargo.com.

Wells Fargo may conclude that a specific response to particular inquiries from individual holders is not consistent with equal and full dissemination of significant information to all holders or parties in interest.

Holders should not rely on the Trustee as their sole source of information. The Trustee makes no recommendations and gives no legal or investment advice as to the above matters, the Bankruptcy Case, the Plan, the Letter of Transmittal or the Notes generally. Holders should consult their own professionals regarding the foregoing matters.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, *as Trustee*